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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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Washington, DC

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2007 AND ENDING December 31, 2007
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Transamerica Financial Advisors

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1150 South Olive Street, Suite T-2500

(No. and Street)

Los Angeles

(City)

CA

(State)

90015

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

George Chuang

(213) 741-5797

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

(Name - of individual, state last, first, middle name)

801 Grand Avenue, Suite 3000, Des Moines, Iowa 50309

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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**THOMSON
FINANCIAL**

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (6-02)

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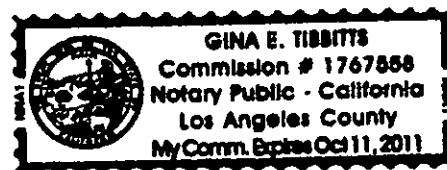
Oath or Affirmation

I, Sandra C. Brown, affirm that to the best of my knowledge and belief, the accompanying financial statements and supplemental information pertaining to the firm of Transamerica Financial Advisors as of December 31, 2007, are true and correct. I further affirm that neither the Company nor any principal officer or director has any proprietary interest in any account classified solely as that of a customer.

Sandra C. Brown
Sandra C. Brown,
President

Subscribed and sworn to (or affirmed) before me on this 20th day of February,
2008, by Sandra C. Brown, proved to me on the basis of
Year Name of Signer
satisfactory evidence to be the person who appeared before me.

Gina E. Tibbitts
Notary Public,
State of California, County of Los Angeles



This report contains:

- ☒ (X) (a) Facing page
- ☒ (X) (b) Statement of Financial Condition
- ☒ (X) (c) Statement of Operations
- ☒ (X) (d) Statement of Cash Flows
- ☒ (X) (e) Statement of Changes in Stockholder's Equity
- ☐ () (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors
- ☒ (X) (g) Computation of Net Capital
- ☐ () (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3
- ☐ () (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3
- ☒ (X) (j) A reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3
- ☐ () (k) A reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation
- ☒ (X) (l) An Oath or Affirmation
- ☐ () (m) A copy of the SIPC Supplemental Report
- ☒ (X) (n) Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by SEC Rule 17a-5(g)(1)

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
(FOR SEC FILING PURPOSE)

Transamerica Financial Advisors, Inc.
Years Ended December 31, 2007 and 2006
With Report and Supplementary Report of Independent Registered
Public Accounting Firm

Transamerica Financial Advisors, Inc.

Financial Statements and Supplemental Information

Years Ended December 31, 2007 and 2006

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholder
Transamerica Financial Advisors, Inc.

We have audited the accompanying consolidated statements of financial condition of Transamerica Financial Advisors, Inc. and Subsidiaries (the Company) as of December 31, 2007 and 2006, and the related consolidated statements of operations, changes in shareholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Transamerica Financial Advisors, Inc. and Subsidiaries at December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

February 21, 2008

Transamerica Financial Advisors, Inc.

Consolidated Statements of Financial Condition

	December 31	
	2007	2006
Assets		
Cash and cash equivalents	\$ 6,595,999	\$ 8,736,215
Investment	247,237	—
Commissions receivable (including \$81,234 and \$182,614 receivable from affiliates in 2007 and 2006, respectively)	1,300,011	1,522,331
Deferred tax assets	636,752	345,207
Other assets	340,156	368,074
Recoverable under tax allocation agreement	—	302,127
Total assets	<u>\$ 9,120,155</u>	<u>\$ 11,273,954</u>
Liabilities and shareholder's equity		
Liabilities:		
Commissions payable	\$ 1,469,577	\$ 1,570,568
Accounts payable and other liabilities (including \$865,173 and \$1,538,282 payable to affiliates in 2007 and 2006, respectively)	3,112,000	3,422,311
Payable under tax allocation agreement	17,315	—
Total liabilities	<u>4,598,892</u>	<u>4,992,879</u>
Shareholder's equity:		
Common stock, par value \$1 (100,000 shares authorized, 4,000 shares issued and outstanding)	4,000	4,000
Additional paid-in capital	4,399,301	4,244,561
Retained earnings	117,962	2,032,514
Total shareholder's equity	<u>4,521,263</u>	<u>6,281,075</u>
Total liabilities and shareholder's equity	<u>\$ 9,120,155</u>	<u>\$ 11,273,954</u>

See accompanying notes.

Transamerica Financial Advisors, Inc.

Consolidated Statements of Operations

	Year Ended December 31	
	2007	2006
Revenues:		
Sales commissions	\$ 55,144,516	\$ 51,192,168
Interest income	517,052	356,934
Net administrative fees	1,036,961	1,144,617
Other fees and income	1,654,715	911,345
Total revenues	58,353,244	53,605,064
Expenses:		
Commissions	48,682,162	45,383,941
Employee compensation and benefits	4,580,470	4,049,805
Training and sales promotion	571,708	485,550
Office, telephone, and postage	1,393,282	906,202
Legal and other operating expenses	791,997	873,998
Total expenses	56,019,619	51,699,496
Income before taxes	2,333,625	1,905,568
Income tax expense (benefit):		
Current	1,039,722	354,190
Deferred	(291,545)	89,493
	748,177	443,683
Net income	\$ 1,585,448	\$ 1,461,885

See accompanying notes.

Transamerica Financial Advisors, Inc.

Consolidated Statements of Changes in Shareholder's Equity

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Shareholder's Equity
Balance at January 1, 2006	\$ 4,000	\$ 4,244,561	\$ 570,629	\$ 4,819,190
Net income	-	-	1,461,885	1,461,885
Balance at December 31, 2006	4,000	4,244,561	2,032,514	6,281,075
Net income	-	-	1,585,448	1,585,448
Dividend to parent	-	-	(3,500,000)	(3,500,000)
Capital contribution from parent	-	154,740	-	154,740
Balance at December 31, 2007	\$ 4,000	\$ 4,399,301	\$ 117,962	\$ 4,521,263

See accompanying notes.

Transamerica Financial Advisors, Inc.

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2007	2006
Operating activities		
Net income	\$ 1,585,448	\$ 1,461,885
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income tax (benefit) expense	(291,545)	89,493
Allocation from parent for state tax benefit	154,740	—
Change in unrealized loss on investment	2,763	—
Changes in operating assets and liabilities:		
Commissions receivable	222,320	(362,830)
Other assets	27,918	116,909
Commissions payable	(100,991)	330,683
Accounts payable and other liabilities	(310,311)	718,272
Payable (recoverable) under tax allocation agreement	319,442	(314,779)
Net cash provided by operating activities	1,609,784	2,039,633
Investing activities		
Purchase of investment	(250,000)	—
Net cash used in investing activities	(250,000)	—
Financing activities		
Dividend paid to parent	(3,500,000)	—
Net cash used in financing activities	(3,500,000)	—
Increase (decrease) in cash and cash equivalents	(2,140,216)	2,039,633
Cash and cash equivalents at beginning of year	8,736,215	6,696,582
Cash and cash equivalents at end of year	<u>\$ 6,595,999</u>	<u>\$ 8,736,215</u>
Cash paid during the year for		
Income taxes	<u>\$ 720,280</u>	<u>\$ 700,296</u>

See accompanying notes.

Transamerica Financial Advisors, Inc.

Notes to Consolidated Financial Statements

December 31, 2007

1. Summary of Significant Accounting Policies

Transamerica Financial Advisors, Inc. (Company) is registered with the Securities and Exchange Commission (SEC) as a broker-dealer under the Securities Exchange Act of 1934 and as an investment adviser under the Investment Advisers Act of 1940. It is also a member of the Financial Industry Regulatory Authority. The Company is a wholly owned subsidiary of Transamerica International Holdings, Inc., which is a wholly owned indirect subsidiary of AEGON N.V. (AEGON), a holding company organized under the laws of the Netherlands.

On December 31, 2007, Company acquired all of the voting common stock of TBK Insurance Agency of Ohio, Inc. and Financial Resources Insurance Agency of Texas, Inc. Therefore, on December 31, 2007, Company owned all of the voting common stock of TBK Insurance Agency of Ohio, Inc., (TBK) Financial Resources Insurance Agency of Texas, Inc., and Transamerica Financial Resources Insurance Agency of Alabama, Inc. Prior to the end of 2007, all three companies had ceased all of their operations and had surrendered all of their insurance licenses and were, and still are, inactive, non-operating companies.

The Company markets financial products such as variable annuities, variable life insurance, mutual funds, real estate investment trusts, and certain securities to investors throughout the United States. The Company is an introducing broker-dealer and executes and clears all customers' transactions through another broker-dealer on a fully disclosed basis. The Company has entered into distribution agreements with Transamerica Capital, Inc. (TCI) to sell and distribute the mutual funds of Transamerica IDEX Mutual Funds and Transamerica Premier Funds. It has also entered into distribution agreements with Transamerica Securities Sales Corporation and TCI to sell and distribute the variable insurance products of Transamerica Occidental Life Insurance Company (TOLIC), Transamerica Life Insurance Company (TLIC) and Western Reserve Life Assurant Company of Ohio.

The Company does not carry customer accounts or perform custodial functions related to customer securities and is, therefore, exempt from the provisions of Rule 15c-3-3 of the SEC.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing the financial statements are reasonable and prudent. Actual results could differ from these estimates.

Transamerica Financial Advisors, Inc.

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents are invested in bank accounts and money market funds. The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Commissions

Commission revenue and commission expense are recorded on a trade-date basis as securities transactions occur.

The Company receives commissions for the sale of financial products such as annuities, mutual funds, and general securities. The Company also receives 12b-1 distribution fees from mutual funds and variable products which are included in commission revenue. Portions of those amounts are reallocated to the selling agents as commissions.

Net Administrative Fees

The Company earns administrative fees based on assets under management for servicing and administering the Company's proprietary investment advisory products. The administrative fees are recorded net of the fees charged by the Company's investment advisory representatives in the accompanying statements of operations.

Other Fees and Income

The Company receives other fees and income from a select group of product sponsors including mutual fund and variable insurance companies. These fees are paid to the Company to cover its costs for due diligence and marketing services. These fees are generally based on sales and are not reallocated to the selling agent. In addition, the Company collects annual fees from its registered representatives for providing compliance, technology, and administrative services. Other fees and income are recorded on a net basis.

Transamerica Financial Advisors, Inc.

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain reclassifications have been made to the 2006 financial statements to conform to the 2007 presentation.

2. Income Taxes

The Company and its subsidiaries file consolidated federal and state income tax returns with certain affiliates. Under the terms of a tax-sharing agreement, each member of the group has agreed to pay its proportionate share of income taxes calculated on a separate return basis, except that tax credits and net operating loss carryforwards are determined on the basis of the consolidated group. Deferred income taxes have been established by each member of the consolidated group based upon temporary differences within each entity.

The provision for income tax expense consists of the following:

	2007	2006
Federal	\$ 519,960	\$ 443,683
State	228,217	—
	<u>\$ 748,177</u>	<u>\$ 443,683</u>

Federal income tax expenses differs from the amount computed by applying the statutory federal income tax rate to income before income taxes due to nondeductible expenses and state taxes.

Transamerica Financial Advisors, Inc.

Notes to Consolidated Financial Statements (continued)

2. Income Taxes (continued)

Deferred income taxes arise primarily from differing methods used to account for investments, accrued bonuses and vacation, and other accrued expenses not deductible until future periods for tax purposes. A significant component of the deferred tax asset relates to a net operating loss of TBK. This net operating loss was subject to a valuation allowance at December 31, 2006. During 2007, TBK joined the consolidated federal tax group. Therefore, this loss carryforward is expected to be used by the Company in future periods.

Deferred income taxes are comprised of the following at December 31, 2007 and 2006:

	2007	2006
Deferred tax assets	\$ 636,752	\$ 562,188
Valuation allowance	—	(216,981)
Deferred tax liabilities	—	—
Net deferred tax assets	<u>\$ 636,752</u>	<u>\$ 345,207</u>

The Company adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, on January 1, 2007.

The Company has analyzed all material tax positions under the provisions of FASB Interpretation No. 48 and has determined that there are no tax benefits that should not be recognized as of January 1, 2007 or as of December 31, 2007. There are no unrecognized tax benefits that would affect the effective tax rate. It is not anticipated that the total amounts of unrecognized tax benefits will significantly increase within 12 months of the reporting date.

The Company classifies interest and penalties related to income taxes as interest expense and penalty expense, respectively. The Company has recognized no such interest and penalties in its financial statements for the years ended December 31, 2007 and 2006.

The Company files in a consolidated return in the U.S. federal tax jurisdiction and various state tax jurisdictions. The Internal Revenue Service audits are final for tax years prior to 2001.

Transamerica Financial Advisors, Inc.

Notes to Consolidated Financial Statements (continued)

3. Related-Party Transactions

The Company transacts with certain AEGON subsidiaries and affiliates in the normal course of operations. These transactions include payments for rental of space of \$270,449 and commission allowances of \$120,079 for processing proprietary products. Commissions earned on the sale of TOLIC, TLIC, TCI, and Western Reserve Life Assurance Company of Ohio proprietary products amounted to approximately 10% of net commissions for the year ended December 31, 2007.

The Company is party to a cost sharing agreement between AEGON USA, Inc. companies, providing general administrative services as needed. During 2007 and 2006, a significant portion of the operating expenses were attributable to such agreement, which approximates their costs to the affiliates.

4. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). The Company computes its net capital requirements under the basic method provided for in Rule 15c3-1. Advances to affiliates, dividend payments, and other equity withdrawals are subject to certain notification and other provisions of the SEC Uniform Net Capital Rule or other regulatory bodies.

At December 31, 2007, the Company had net capital of \$3,377,263, which was \$3,064,894 in excess of the required net capital of \$312,369.

Consolidated Subsidiaries

The \$4,521,263 of shareholder's equity and \$4,598,892 of liabilities of the Company are included as capital in a consolidated computation of the Company's net capital, because all the assets of the company are readily available for the protection of the Company's customers, broker-dealer, and other creditors, as permitted by Rule 15c-1.

5. Contingencies

Claims for material amounts have been filed by certain individuals alleging the Company's failure to properly supervise its registered representatives, failure to perform adequate due diligence on certain programs before offering them to the public, and placing them in investments not suitable to their financial profile. The Company believes it has meritorious defenses against these claims and that the ultimate resolution is not likely to have a material effect on the financial position or results of operations of the Company beyond what has already been accrued.

Supplemental Information

Transamerica Financial Advisors, Inc.

Computation of Net Capital Pursuant to SEC Rule 15c3-1

December 31, 2007

Computation of net capital

Total shareholder's equity		\$ 4,521,263
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Nonallowable assets and deductions:

Other assets	\$ 361,163	
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Deferred tax assets	636,752	
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Total deductions and/or charges		997,915
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Net capital before haircuts on securities positions		3,523,348
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Haircuts on securities		146,085
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Net capital		<u>\$ 3,377,263</u>
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Computation of alternative net capital requirement

Net capital requirement (minimum)		<u>\$ 312,369</u>
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Excess net capital		<u>\$ 3,064,894</u>
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Transamerica Financial Advisors, Inc.

Statement Regarding SEC Rule 15c3-3

December 31, 2007

Determination of Reserve Requirements and Information Relating to Possession or Control
Requirements

Under Rule 15c3-3 of the Securities and Exchange Commission
December 31, 2007

The Company is exempt from the Special Reserve Bank Account Requirement
according to the provision of Rule 15c3-3(k)(2)(ii).

The Company is exempt from Rule 15c3-3 as it relates to possession and control requirements
under the Rule 15c3-3(k)(2)(ii) exemptive provision.

Transamerica Financial Advisors, Inc.

Statement Pursuant to SEC Rule 17a-5(d)(4)

December 31, 2007

There are no differences between the computation of net capital under SEC Rule 15c3-1 included in this audited report and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing as submitted to the Financial Industry Regulatory Authority.

Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by SEC Rule 17a-5(g)(1)

The Board of Directors and Shareholder
Transamerica Financial Advisors, Inc.

In planning and performing our audit of the consolidated financial statements of Transamerica Financial Advisors, Inc. and Subsidiaries (the Company) as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. The study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

February 21, 2008

END